

Message Text

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43

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 EUR-25 DRC-01

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R 181245Z JAN 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5017

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E.O. 11652: N/A

TAGS: ECON, ETRD, EFIN, EIND, CU, AR

SUBJECT: FORD ARGENTINA PREPARING SALE TO CUBA

REF: BA 9322 28 DEC 73

1. PUBLIC RELATIONS DIRECTOR OF FORD MOTOR ARGENTINA VISITED EMBASSY JAN 15 AND INFORMED EMBOFF THAT FORD PREPARING TRANSACTION INVOLVING SALE OF 1,500 FORD FALCON PASSENGER AUTOMOBILES AND 1,000 F-7000 HEAVY TRUCKS TO CUBA. MAJOR DETAILS THIS SALE REPORTEDLY WORKED OUT DURING CONVERSATIONS JAN 11 AT FORD HERE BETWEEN EXECUTIVES OF FORD ARGENTINA AND OFFICIALS OF CUBAN TRADE MISSION TO ARGENTINA. ONLY REMAINING DETAILS ARE DELIVERY DATES, SHIPPING ARRANGEMENTS, SCHEDULE OF PAYMENT, SERVICING OF PRODUCT WARRANTIES IN CUBA. FORD INFORMED US IT HAS APPLIED FOR WAIVER FROM US TREASURY DEPARTMENT.

2. RESIDENT CHIEF EXECUTIVE OF FORD ARGENTINA, JUAN COURARD, LEFT BUENOS AIRES MONING OF JAN 16 EN ROUTE US, PRESUMABLY TO REPORT DETAILS OF SALES AGREEMENT TO FORD MOTOR COMPANY. PUBLIC RELATIONS DIRECTOR TOLD EMBOFF FORD QUOTE EXPECT END QUOTE TO
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RECEIVE TREASURY WAIVER IN NEAR FUTURE. ONLY EXPLICIT THREAT

EXPRESSED TO FORD ARGENTINA BY GOA WAS ORAL STATEMENT BY OFFICIAL OF MINISTRY OF ECONOMY THAT, IF FORD DID NOT SELL DIRECTLY TO CUBANS, GOA WOULD COMPEL FORD TO SELL VEHICLES TO GOA AT PRICE FIXED BY GOA, FOR SUBSEQUENT DELIVERY TO CUBA. FORD WOULD THUS FOREGO SUBSTANTIAL EXPORT SUBSIDIES APPLICABLE TO DIRECT SALE, AND COMPANY FURTHER EXPECT PRICE SET BS GOA WOULD BE ARBITRARY AND PUNITIVE. FORD OFFICIAL FURTHER REPORTED THAT MINECON GELBARD RAISED ISSUE OF CUBAN SALE DURING MEETING DEC 4 BETWEEN PERON AND US FORD EXECUTIVE MOLINA, IN WHICH GELBARD REPORTEDLY TREATED QUESTION OF SALES TO CUBA AS QUID PRO QUO FOR SECURITY ASSURANCES. PRESSURE FROM GOA, WHILE NOT BASED ON DIRECT THREATS OF REPRISALS, WAS DESCRIBED AS QUOTE TREMENDOUS END QUOTE.

3. UNITS INVOLVED THIS SALE REGARDED AS FIRST INSTALLMENT, TO BE FOLLOWED BY OTHERS OVER LIFE OF CREDIT ARRANGEMENT BETWEEN ARGENTINA AND CUBA. FALCONS TO BE USED AS POLICE PATROL CARS, TAXIS, ETC. ACUTAL DELIVERY MAY INVOLVE DIFFICULT CHOICE FOR FORD AND GOA, HOWEVER. DELIVERY TIME FOR FALCONS TO LOCAL MARKET NOW THREE-FOUR MONTHS, PRIMARILY BECAUSE OF HIGH DEMAND AND PARTS SHORTAGES, FORD NOW OPERATING THREE SHIFTS IN SOME SECTORS OF PLANT, DESPITE PARTS PROBLEM, IN ORDER TO BUILD STOCKS AGAINST FUTURE DEMAND, BOTH DOMESTIC AND EXPORT. DELIVERY OF LARGE NUMBER ADDITIONAL VEHICLES TO CUBANS WILL INVOLVE EITHER SHORTCHANGING DOMESTIC MARKET FOR POLITICAL PURPOSES OR NEW CAPITAL INVESTMENT AND HIRING BY FORD. FORD OFFICIALS STATE THAT, IN VIEW OF EXTENSIVE GOA CONTROLS OVER ECONOMY, LATTER COURSE POSSIBLE ONLY IF GOA GIVES ASSURANCES REGARDING INVESTMENT POLICY, PRICES, RAW MATERIALS SUPPLIES, SECURITY AND OTHER MATTERS. PRESIDENT OF LOCAL CHRYSLER SUBSIDIARY EXPRESSED SIMILAR POSITION TO EMBOFF JAN 15. COMPANIES APPEAR TO FEEL THEY DO NOT HAVE SUCH ASSURANCES IN HAND AT THIS TIME.

KREBS

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Message Attributes

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Draft Date: 18 JAN 1974
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Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Film Number: n/a
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Handling Restrictions: n/a
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30 JUN 2005

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